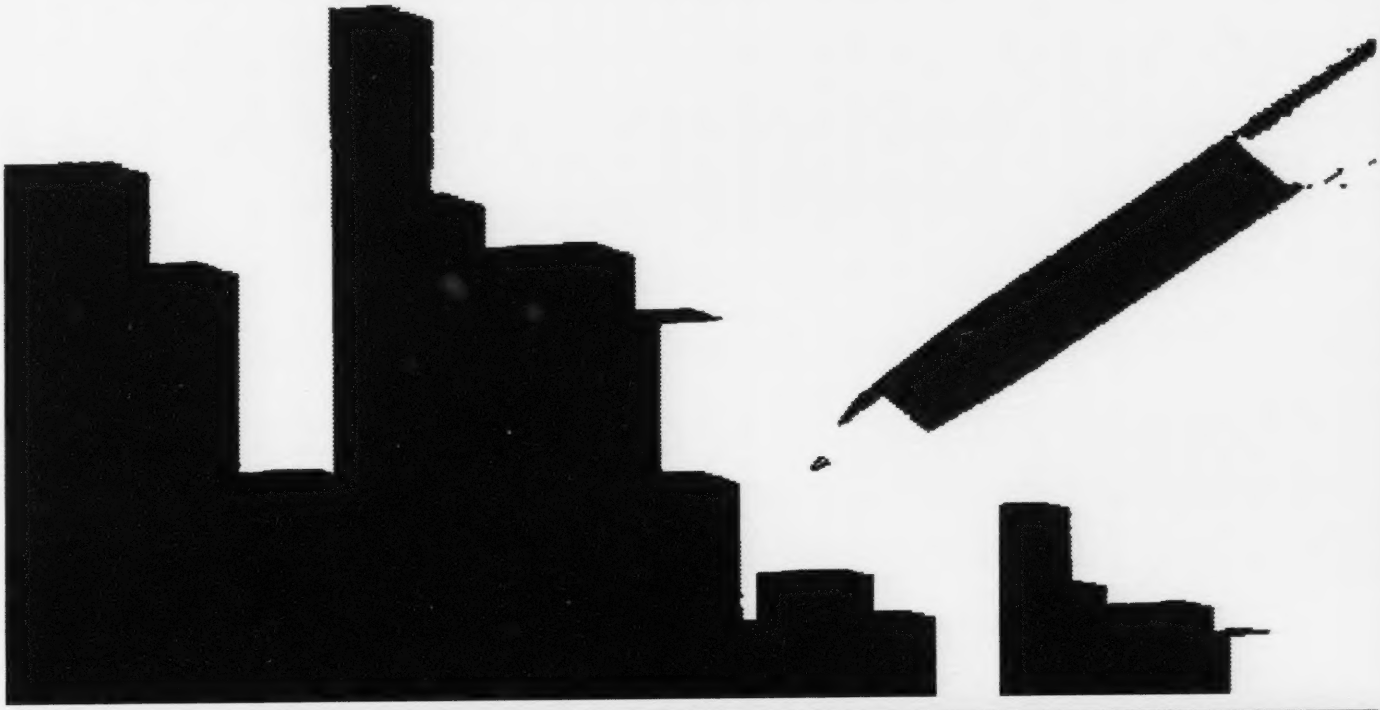
Quarter 2 Financial Report
For the period ended June 30, 2011



CIC Crown Investments Corporation of Saskatchewan

Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the provincial government's holding corporation for its commercial Crown corporations. CIC has invested equity in its subsidiary corporations and collects dividends from these corporations.

The purpose of the following discussion is to provide users of CIC's financial statements with an overview of the Corporation's financial performance and the various measures CIC uses to evaluate its financial health. The June 30, 2011 unaudited condensed financial statements are presented under International Financial Reporting Standards (IFRS) using IAS 34 - *Interim Financial Statements*. Although the narrative on CIC's 2011 second quarter financial results should be read in conjunction with the December 31, 2010 audited consolidated and non-consolidated financial statements, readers should note that the December 31, 2010 audited financial statements have been prepared under Canadian Generally Accepted Accounting Principles (GAAP). Readers should also reference CIC's March 31, 2011 unaudited condensed interim financial statements which was the first period reported using IFRS.

To facilitate greater transparency and accountability, CIC prepares two different sets of financial statements: CIC's consolidated financial statements that report on the commercial Crown sector; and CIC's separate financial statements that reflect its role as a holding corporation for the Province.

CIC Consolidated Financial Statements

CIC's consolidated financial statements include CIC's results consolidated with the results of its subsidiary corporations. The unaudited condensed consolidated interim financial statements are prepared in accordance with IFRS and include:

- Financial results of subsidiary Crown corporations:

  Information Services Corporation of Saskatchewan (ISC)
  SaskEnergy Incorporated (SaskEnergy)
  Saskatchewan Development Fund Corporation (SDFC)
  Saskatchewan Gaming Corporation (SGC)
  Saskatchewan Government Insurance (SGI)
  Saskatchewan Opportunities Corporation (SOCO)
  Saskatchewan Power Corporation (SaskPower)
  Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)
  Saskatchewan Transportation Company (STC)
  Saskatchewan Water Corporation (SaskWater)

- Financial results of wholly-owned subsidiary share capital corporations:

  CIC Asset Management Inc. (CIC AMI)
  CIC Economic Holdco Ltd.
  CIC Apex Equity Holdco Ltd.
  First Nations and Métis Fund Inc.
  Saskatchewan Immigrant Investor Fund Inc.

- Costs incurred by its wholly-owned non-profit subsidiary Gradworks Inc.;
- Dividends paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating costs, public policy expenditures and interest earned on cash and short-term investment balances.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-entity transactions (i.e. revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

CIC Separate Financial Statements

CIC's separate financial statements are used to determine CIC's capacity to pay dividends to the Province's GRF. The unaudited condensed separate financial statements have been prepared in accordance with IAS 27 - *Consolidated and Separate Financial Statements* and IAS 34 - *Interim Financial Statements* at the request of the Saskatchewan Legislative Assembly. These financial statements are intended to isolate the Corporation's cash-flow and capital and operating support for certain subsidiary corporations. These financial statements include:

- Dividends from subsidiary Crown corporations (SaskTel, SaskEnergy, SGI, SGC, SOCO, and ISC);
- Dividends from share capital subsidiary CIC AMI;
- Dividends paid by CIC to the GRF;
- Grants to subsidiary corporations; and
- CIC's interest revenue on cash and short-term investment balances and operating costs.

Consolidated Financial Statements

Management's Discussion and Analysis

Forward-Looking Information

Throughout the quarterly report, and particularly in the following discussion, are forward-looking statements. These statements can be recognized by terms such as "outlook", "expect", "anticipate", "project", "continue" or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary corporations.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Other factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and the regulatory environment. Given these uncertainties, assumptions contained in forward-looking statements may or may not occur.

Transition to IFRS

The Canadian Accounting Standards Board confirmed that publicly accountable enterprises are required to adopt International Financial Reporting Standards (IFRS) in place of Canadian Generally Accepted Accounting Principles (GAAP) for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009 approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS. CIC, as a consolidated entity is a GBE, therefore, CIC has selected IFRS as its accounting platform for the CIC consolidated financial statements. The unaudited June 30, 2011 condensed consolidated interim statements are prepared under IFRS using IAS 34 - *Interim Financial Statements*. The accounting policies set out in note 3 to the unaudited condensed consolidated interim financial statements have been consistently applied in preparing the financial statements for the period ended June 30, 2011 and the comparative information presented in these financial statements for the period ended June 30, 2010. In preparing comparative information, CIC has adjusted amounts reported previously in accordance with GAAP. Explanations of how the transition from GAAP to IFRS has affected CIC's financial position, financial performance, and cash flows, is set out in Note 11 of the unaudited condensed consolidated interim financial statements.

Management's Discussion and Analysis (continued)

Major Lines of Business

CIC is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are associates and jointly-controlled entities, held through CIC's wholly-owned subsidiaries.

Management's Discussion & Analysis (MD&A) highlights the primary factors that have an impact on the consolidated financial results and operations of CIC. It should be read in conjunction with CIC's unaudited condensed consolidated interim financial statements and supporting notes for the period ended June 30, 2011. These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*.

Although this narrative on CIC's 2011 second quarter financial results should be read in conjunction with the December 31, 2010 audited consolidated financial statements, readers should note that the December 31, 2010 audited financial statements have been prepared under GAAP. Readers should also reference CIC's March 31, 2011 unaudited condensed consolidated interim financial statements which was the first period reported using IFRS.

For purposes of the MD&A on CIC's consolidated results, "CIC" refers to the consolidated entity. The following table lists wholly-owned subsidiaries, including the respective business line, which CIC consolidates in its financial statements:

Investment	Major Business Line
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
SaskEnergy Incorporated (SaskEnergy)	Natural Gas
Saskatchewan Water Corporation (SaskWater)	Water and Wastewater
Information Services Corporation of Saskatchewan (ISC)	Registry Services
Saskatchewan Government Insurance (SGI)	Property and Casualty Insurance
Saskatchewan Gaming Corporation (SGC)	Entertainment
CIC Asset Management Inc. (CIC AMI)	Investments
Saskatchewan Opportunities Corporation (SOCO)	Research Parks
Saskatchewan Development Fund Corporation (SDFC)	Annuity Underwriting
Saskatchewan Transportation Company (STC)	Passenger and Freight Transportation

Utilities   Insurance   Entertainment   Investment and Economic Growth   Transportation

Subsidiary Corporation Earnings (Losses)

For the six months ended (millions of dollars) (unaudited)	**June 30 2011**	June 30 2010
SaskPower	$ **143.5**	$ 80.1
SaskTel	**73.2**	72.8
SaskEnergy	**44.4**	43.8
SGI	**16.5**	5.6
CIC AMI	**(0.3)**	(2.3)
SGC	**12.6**	10.7
ISC	**8.1**	8.4
SaskWater	**1.9**	0.2
STC	**(0.3)**	(0.1)
SOCO	**3.7**	3.3
CIC (separate) and Other	**(20.5)**	(18.4)
Net Earnings	$ **282.8**	$ 204.1

The Corporation's consolidated earnings for the six months ended June 30, 2011 were $282.8 million (2010 - $204.1 million) which was a $78.7 million increase over the same period in 2010. The majority of the increase was due to SaskPower which had a $63.4 million increase to June 30, 2011 compared to the same period in 2010. Earnings also increased at SaskTel, SaskEnergy, SGI, CIC AMI, SGC, SaskWater and SOCO. These increases were partially offset by lower earnings at ISC and STC.

Income from Operations

Income from operations for the first six months of 2011 was $2,278.5 million (2010 - $2,201.5 million), an increase of $77.0 million compared to the same period in 2010.

Revenue for the the first six months of 2011 was $2,246.1 million (2010 - $2,154.5 million) or an increase of $91.6 million from the same period in 2010 primarily related to:

1. SaskPower revenue increased $87.8 million due primarily to a system-wide average rate increase of 4.5 per cent that became effective on August 1, 2010, as well as an increase of 298.0 gigawatt hours (GWh) in sales volumes to Saskatchewan customers compared to the same period in 2010;
2. SGI sales increased $17.2 million due mainly to a 9.9 per cent overall increase in premiums compared to the same period in 2010 with premiums increasing in all jurisdictions (Saskatchewan, Ontario, Alberta, Manitoba and the Atlantic provinces);
3. SaskWater revenue increased $3.6 million due to increased use of non-potable water by major industrial customers including new potash operations that began in April 2011;
4. SOCO revenue increased by $2.3 million due to vacancy reductions and increases in rental rates compared to the same period in 2010;
5. ISC revenue increased $5.2 million due primarily to a higher number of land registry transactions and an increase in the average change of ownership transaction value compared to the same period in 2010;
6. SGC revenue increased $4.7 million due in part to lower than normal revenue realized in 2010 as a result of an employee strike. Guest counts at Casino Regina also increased modestly compared to the same period in 2010;

The increases were partially offset by;

Management's Discussion and Analysis (continued)

Income from Operations (continued)

7. SaskEnergy revenue decreased by $34.5 million with the combined unfavourable impacts of a lower commodity rate for natural gas sales to distribution utility customers and incremental unrealized losses on gas natural gas management activities. These decreases were partially offset by favourable volume increases related to colder weather. The commodity rate was $4.55 per Gigajoule (GJ) for the first six months of 2011 compared to $5.21 per GJ during the same period in 2010 (see offsetting gain below under operating expenses). Revenue was also unfavourably impacted by a $43.0 million incremental increase in unrealized fair market value losses on natural gas management activities compared to the same period in 2010. These negative impacts were partially offset by increased sales volumes due to the weather in Saskatchewan being 14.0 per cent colder in the first six months of 2011 versus the same period in 2010.

Other income for the first six months of 2011 was $32.4 million (2010 - $47.1 million) which was a $14.7 million decrease over the same period in 2010. The decrease was mainly related to a Cabinet decision to proceed with the construction of SaskPower's Boundary Dam 3 refurbishment and carbon capture and storage initiative. Previously, grants for this project were recorded as revenue. During the construction phase grants will be capitalized.

Operating Expenses

Operating expenses for the first six months of 2011 were $1,905.5 million (2010 - $1,908.2 million). Although the overall decrease of $2.7 million is small compared to total consolidated operating expenses, there were several significant variances within individual subsidiary Crown corporations. Theses variances are as follows:

1. A $43.1 million decrease in operating expenses at SaskEnergy mainly related to a lower average cost of natural gas sold which fell to $4.11 per GJ during the first six months of 2011 compared to $5.05 per GJ during the same period in 2010[1]. Operating expenses were also favourably impacted by a $41.0 million increase in unrealized fair market value gains on natural gas management activities compared to the same period in 2010. These positive impacts were partially offset by increased volumes due to the weather in Saskatchewan being 14.0 per cent colder in the first six months of 2011 compared to the same period in 2010;

   This decrease was mainly offset by;

2. An increase of $9.5 million in claims at SGI compared to the same period in 2010, mainly due to the rapidly growing policy base in the Ontario auto market. Claim expenses also increased due to storms and flooding in the spring of 2011 in Alberta, Saskatchewan and Manitoba;
3. A $3.0 million increase at SGC was due in part to lower than normal expenses incurred in 2010 as a result of the employee strike in 2010;
4. An increase of $18.2 million in operating expenses at SaskTel primarily due to an increase of $11.7 million in goods and services purchased tied to increased hardware subsidies, *Max*™ Entertainment content expenses, and increased network maintenance costs. These increases were partially offset by decreases in roaming expenses due to lower rates and usage. Depreciation and amortization also increased $7.6 million due to increased plant in service and;
5. A $5.8 million increase in operating expenses at ISC due to higher employee, information technology, facilities, office and equipment costs due to transfer of corporations registry.

[1] SaskEnergy passes the cost of gas to distribution customers without mark-up, in any period, actual costs may differ from the rate charged to customers Differences are collected / refunded to customers in a future period

Management's Discussion and Analysis (continued)

Net Finance Expenses

Net finance expenses for the first six months of 2011 were $115.5 million (2010 - $101.4 million) a $14.1 million increase from the same period in 2010. Net finance expenses increased $10.5 million at SaskPower due mainly to additional interest expense on its long-term debt and an increase in unrealized market value losses on sinking funds. Net finance expenses increased at SaskTel by $5.4 million due primarily to reduced capitalized interest related to significantly lower plant under construction in 2011 versus 2010.

Net Earnings from Discontinued Operations

Net earnings from discontinued operations for the first six months of 2011 were $20.1 million (2010 - $2.5 million). The $17.6 million increase is primarily due to a $27.0 million gain on sale of Saskatoon 2 Properties Limited Partnership (Saskatoon Square), and a $3.7 million gain on the sale of Hospitality Network Canada, Inc. partially offset by a $10.7 million loss on sale of Gas Sur S.A., as described in Note 5 to the unaudited condensed consolidated interim financial statements.

Capital Spending

In the first six months of 2011, property, plant and equipment, intangible asset and investment property purchases were $358.4 million (2010 - $428.3 million). Major capital expenditures included:

1. $188.4 million at SaskPower including $87.0 million for transmission and distribution refurbishment and expansion, $53.0 million for generating plant refurbishment, $24.0 million for the Boundary Dam carbon capture project, and $18.0 million for service delivery renewal;
2. $57.1 million at SaskEnergy to expand capacity and maintain the integrity of its distribution and transmission systems, connect over 5,100 new customers to the natural gas distribution system throughout the Province, and expand pipeline infrastructure in south-eastern Saskatchewan's oil-rich Bakken region, which will transport natural gas that has been captured and processed by oil companies in the region;
3. $99.3 million at SaskTel mainly related to ongoing cellular network upgrades to Universal Mobile Telecommunications System (UMTS)/High Speed Packet Access (HSPA) technology.

In the first six months of 2011, investment purchases were $359.6 million (2010 - $195.6 million) an increase of $164.0 million. The majority of the increase was at SGI where investment purchases increased $161.4 million due to SGI changing the asset mix of its investment portfolio.

Debt at June 30, 2011 was $4,412.6 million (December 31, 2010 - $4,440.9 million), a decrease of $28.3 million. The majority of the decrease relates to:

1. A $44.5 million decrease in debt at SaskEnergy due to the repayment of notes payable with excess cash realized during the peak winter season; and
2. A $21.1 million decrease in debt at SaskTel due to repayment of notes payable;

   partially offset by;

3. A $13.6 million increase in debt at SaskPower to fund a portion of its $188.4 million year-to-date capital expenditure program; and
4. A $22.2 million increase in debt related to the Saskatchewan Immigrant Investor Fund.

Management's Discussion and Analysis (continued)

Liquidity

CIC and its subsidiary Crowns finance capital requirements through internally generated cash flow and borrowing. The GRF borrows in capital markets on behalf of Crowns. The GRF has sufficient access to capital markets for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings on Long-Term Debt
as at June 30, 2011

Moody's Investor Service	Aa1
Standard & Poor's*	AAA
Dominion Bond Rating Service	AA

* Effective May 24, 2011 the S&P credit rating improved to AAA

Liquidity and Capital Resources

ash Flow Highlights millions of dollars)	For the six months ended June 30 2011	June 30 2010
Net cash from operating activities	$ **505.5**	$ 389.9
Net cash used in investing activities	**(381.4)**	(103.5)
Dividends paid	**(8.5)**	-
Repayment of equity advances	**-**	(120.0)
Debt proceeds received	**22.1**	18.1
Debt repaid	**(3.5)**	(3.5)
Other financing activities	**(121.9)**	67.7
Change in cash	$ **12.3**	$ 248.7

Operating, Investing and Financing Activities

Net cash from operating activities for the six months ended June 30, 2011 was $505.5 million (2010 - $389.9 million) an increase of $115.6 million. The increase in cash from operating activities is due mainly to increased net earnings of $78.7 million and and increase in cash provided by operating activities of discontinued operations of $61.9 million. These inceases were partially offset by a decrease in cash from other operating activities.

Management's Discussion and Analysis (continued)

Operating, Investing and Financing Activities (continued)

Net cash used in investing activities for the six months ended June 30, 2011 was $381.4 million (2010 - $103.5 million). The $277.9 million increase in cash outflows is primarily related to:

1. A $164.0 million increase in investment purchases. Investment purchases increased due primarily to SGI tuning over their investment portfolio to change the asset mix. During the first six months the turnover was highter than in previous years;
2. A $201.9 million decrease in proceeds from the sale and collection of investments. Proceeds realized by CIC (separate) decreased by $306.2 million due to reclassifications of cash between cash and cash equivalents and short-term investments. All excess cash is invested in short-term money market investments. An investment is classifed as cash if it has a maturity date of 89 days or less, or as a short-term investment if the maturity date is 90 days or more.

   Increase in cash flows were offset by;

3. A $69.9 million decrease in capital expenditures.

Net cash used in financing activities for the six months ended June 30, 2011 was $111.8 million or $74.0 million higher than the $37.8 million cash outflow for the same period in 2010. The increase was due to: $174.4 repayment of notes payable; $8.5 million increase in GRF dividends; $12.9 million decrease in other liabilities, partially offset by; $120.0 million decrease in equity advance repayments.

Debt Management

CIC and its subsidiary Crowns prudently manage debt to maintain and enhance financial flexibility. The CIC Board has approved debt targets for CIC and its commercial subsidiaries that take into account their individual circumstances and industry benchmarks.

Outlook

CIC's outlook related to net earnings is highly dependent upon the performance and management of the subsidiary corporations. Earnings expectations are also subject to many variables including: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition, and the regulatory environment. Based on the year-to-date performance of the subsidiary corporations and the projected performance for the remainder of the year, the CIC anticipates net earnings to exceed budgeted earnings of $371.7 million.

CIC forecasts increased capital expenditures at SaskPower and SaskTel, on-going competitive pressures within the telecommunications and property and casualty insurance industries, and continued volatility in financial markets which may further impact natural gas management activities and the valuation of pensions and investments.

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Statement of Financial Position
As at
(thousands of dollars)
(unaudited)

	Note	June 30 2011	December 31 2010
ASSETS			
Current			
Cash and cash equivalents		$ 411,596	$ 404,528
Short-term investments		354,469	210,613
Accounts receivable		549,330	599,801
Restricted cash and cash equivalents		75,125	128,818
Derivative financial assets		70,060	79,124
Inventories		373,531	397,748
Prepaid expenses		172,379	136,298
Assets classified as held-for-sale	5	13,377	41,729
		2,019,867	1,998,659
Restricted cash and cash equivalents		10,640	20,000
Investments		1,035,199	1,014,894
Investments in equity accounted investees		146,799	167,508
Property, plant and equipment		7,646,614	7,559,476
Investment property		172,412	53,724
Intangible assets		203,220	199,360
Other assets		53,364	54,060
		$ 11,288,115	$ 11,067,681
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Bank indebtedness		$ -	$ 11,239
Trade and other payables		513,211	571,426
Derivative financial liabilities		90,845	113,758
Notes payable		424,573	472,851
Deferred revenue		417,787	456,473
Provisions		138,586	125,780
Current portion of finance lease obligations		4,281	3,502
Liabilities classified as held-for-sale	5	-	1,635
Long-term debt due within one year		13,661	15,035
		1,602,944	1,771,699
Provisions		446,035	431,233
Finance lease obligations		413,698	415,947
Long-term debt		3,974,319	3,953,023
Employee future benefits	6	350,469	360,525
Other liabilities		74,512	70,987
		6,861,977	7,003,414
Province of Saskatchewan's Equity			
Equity advances	7	1,051,839	931,152
Contributed surplus		161	161
Retained earnings		3,374,986	3,133,865
Accumulated other comprehensive loss	8	(848)	(911)
		4,426,138	4,064,267
		$ 11,288,115	$ 11,067,681

Commitments and contingencies 9
(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Statement of Comprehensive Income (Loss)
For the Period
(thousands of dollars)
(unaudited)

	Note	2011 April 1 to June 30	2011 January 1 to June 30	2010 April 1 to June 30	2010 January 1 to June 30
INCOME FROM OPERATIONS					
Revenue		$ 1,038,847	$ 2,246,113	$ 952,767	$ 2,154,454
Other income		4,897	32,358	23,734	47,089
		1,043,744	2,278,471	976,501	2,201,543
EXPENSES					
Operating		551,776	1,143,820	493,780	1,162,847
Salaries, wages and short-term employee benefits		207,030	414,294	203,744	404,291
Employee future benefits		6,592	13,321	10,457	20,741
Depreciation and amortization		136,778	270,568	127,912	252,803
(Gain) loss on disposal of property, plant and equipment		(1,098)	(210)	2,318	4,109
Research and development		1,896	3,395	1,642	2,167
(Recovery of) provision for environmental remediation liabilities		(3,533)	(2,716)	1,340	2,680
Saskatchewan taxes and fees		31,577	62,984	28,579	58,557
		931,018	1,905,456	869,772	1,908,195
RESULTS FROM OPERATING ACTIVITIES		112,726	373,015	106,729	293,348
Finance income		14,126	31,740	17,656	37,854
Finance expenses		(66,393)	(147,206)	(70,260)	(139,282)
NET FINANCE EXPENSES		(52,267)	(115,466)	(52,604)	(101,428)
EARNINGS FROM OPERATIONS		60,459	257,549	54,125	191,920
Share of net earnings from equity accounted investees		3,205	5,184	5,430	9,728
EARNINGS FROM CONTINUING OPERATIONS		63,664	262,733	59,555	201,648
Net (loss) earnings from discontinued operations	5	(10,719)	20,083	1,118	2,459
NET EARNINGS		52,945	282,816	60,673	204,107
OTHER COMPREHENSIVE LOSS					
Defined benefit plan actuarial losses	6	(33,195)	(33,195)	(129,008)	(129,008)
Share of changes in comprehensive income recognized by associates		38	132	(31)	119
Foreign currency translation adjustments		(18)	108	(104)	(215)
Unrealized (loss) gain on cash flow hedges		(29)	(59)	208	416
Other		(42)	(118)	568	(1,395)
OTHER COMPREHENSIVE LOSS		(33,246)	(33,132)	(128,367)	(130,083)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		$ 19,699	$ 249,684	$ (67,694)	$ 74,024

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Statement of Changes in Equity
For the Period
(thousands of dollars)
(unaudited)

	Attributable to the Province of Saskatchewan				
	Equity Advances (Note 7)	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss (Note 8)	Total Equity
Balance at January 1, 2010	$ 1,051,152	$ 136	$ 3,214,931	$ (608)	$ 4,265,611
Total comprehensive income (loss)	-	-	204,107	(130,083)	74,024
Transfers to retained earnings	-	-	(129,008)	129,008	-
Repayment of equity advances	(120,000)	-	-	-	(120,000)
Other	-	2	-	-	2
Balance at June 30, 2010	$ 931,152	$ 138	$ 3,290,030	$ (1,683)	$ 4,219,637
Balance at July 1, 2010	$ 931,152	$ 138	$ 3,290,030	$ (1,683)	$ 4,219,637
Total comprehensive income	-	-	232,279	82,380	314,659
Transfers from retained earnings	-	-	81,608	(81,608)	-
Dividends to GRF	-	-	(471,000)	-	(471,000)
Other	-	23	948	-	971
Balance at December 31, 2010	$ 931,152	$ 161	$ 3,133,865	$ (911)	$ 4,064,267
Balance at January 1, 2011	**$ 931,152**	**$ 161**	**$ 3,133,865**	**$ (911)**	**$ 4,064,267**
Total comprehensive income (loss)	**-**	**-**	**282,816**	**(33,132)**	**249,684**
Transfers to retained earnings	**-**	**-**	**(33,195)**	**33,195**	**-**
Equity advances	**120,687**	**-**	**-**	**-**	**120,687**
Dividends to GRF	**-**	**-**	**(8,500)**	**-**	**(8,500)**
Balance at June 30, 2011	**$ 1,051,839**	**$ 161**	**$ 3,374,986**	**$ (848)**	**$ 4,426,138**

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Statement of Cash Flows
For the Period
(thousands of dollars)
(unaudited)

	Note	2011 January 1 to June 30	2010 January 1 to June 30
OPERATING ACTIVITIES			
Net earnings		$ 282,816	$ 204,107
Adjustments to reconcile net earnings to cash from operating activities	10	305,197	326,124
		588,013	530,231
Net change in non-cash working capital balances related to operations		3,222	(321)
Interest paid		(150,174)	(142,487)
Cash provided by operating activities from continuing operations		441,061	387,423
Cash provided by operating activities from discontinued operations		64,393	2,526
Net cash from operating activities		505,454	389,949
INVESTING ACTIVITIES			
Interest received		18,439	22,457
Dividends received		2,914	4,860
Purchase of investments		(359,610)	(195,572)
Proceeds from sale and collection of investments		237,782	439,669
Purchase of property, plant and equipment		(325,018)	(411,623)
Proceeds from sale of property, plant and equipment		4,134	3,294
Purchase of intangible assets		(32,095)	(15,397)
Purchase of investment property		(1,311)	(1,261)
Decrease in restricted cash and cash equivalents		41,898	46,348
Decrease in other assets		31,467	3,725
Net cash used in investing activities		(381,400)	(103,500)
FINANCING ACTIVITIES			
(Decrease) increase in notes payable		(48,278)	126,131
Decrease in other liabilities		(53,907)	(41,024)
Debt proceeds from GRF		-	18,094
Debt proceeds from other lenders		22,132	-
Debt repayments to other lenders		(3,464)	(3,512)
Sinking fund instalments		(19,757)	(17,452)
Repayment of equity advances		-	(120,000)
Dividend paid to GRF		(8,500)	-
Net cash used in financing activities		(111,774)	(37,763)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		12,280	248,686
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		399,316	333,328
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 411,596	$ 582,014
Cash and cash equivalents consists of:			
Cash and cash equivalents from continuing operations		$ 411,596	$ 586,005
Bank indebtedness from continuing operations		-	(9,586)
		411,596	576,419
Cash and cash equivalents from discontinued operations		-	5,595
		$ 411,596	$ 582,014

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. The condensed consolidated interim financial statements of CIC as at and for the six months ended June 30, 2011 comprise CIC and its subsidiaries (collectively referred to as "CIC" or "the Corporation") and CIC's interest in associates, jointly controlled entities and jointly controlled assets with principal activities as described in Note 3.

The results included in these condensed consolidated interim financial statements should not be taken as indicative of the performance to be expected for a full year due to the seasonal nature of corporate operations.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting.* This is the Corporation's first year preparing financial statements using International Financial Reporting Standards (IFRS), and IFRS 1 - *First-time Adoption of International Financial Reporting Standards* has been applied. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of CIC is provided in Note 11.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 17, 2011.

b) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian Dollars, which is CIC's functional currency.

3. Significant accounting policies

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those disclosed in CIC's March 31, 2011 condensed consolidated interim financial statements.

The accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements and have been consistently applied by CIC's subsidiaries.

Basis of Consolidation

Subsidiaries

Saskatchewan provincial Crown corporations are either designated as subsidiary Crown corporations of CIC or created as CIC Crown corporations under *The Crown Corporations Act, 1993* (the Act). The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, CIC also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and the following wholly-owned share capital subsidiaries: CIC Asset Management Inc.; First Nations and Métis Fund Inc.; CIC Economic Holdco Ltd.; Saskatchewan Immigrant Investor Fund Inc. (SIIF) [1]; and CIC Apex Equity Holdco Ltd., all of which are domiciled in Canada.

Separate interim financial statements for CIC have been prepared to show the financial position and results of operations of the corporate entity. In addition, interim financial statements for each of the undernoted Crown corporations, which are consolidated in these financial statements, are prepared and released publicly:

Wholly-owned subsidiaries domiciled in Canada	**Principal Activity**
Information Services Corporation of Saskatchewan (ISC)	Land, property and corporate registration services
SaskEnergy Incorporated (SaskEnergy)	Natural gas
Saskatchewan Development Fund Corporation (SDFC)	Annuity fund
Saskatchewan Gaming Corporation (SGC)	Gaming
Saskatchewan Government Insurance (SGI)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Infrastructure
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
Saskatchewan Transportation Company (STC)	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and waste-water

[1] SIIF was established on October 6, 2010 under *The Business Corporations Act (Saskatchewan)* to participate in the Government of Canada's Immigrant Investor Program (IIP) SIIF intends to use IIP funds to deliver the government of Saskatchewan's Headstart on a Home program to assist builders and developers in building affordable housing

Associates and jointly controlled entities (investments in equity accounted investees)

Associates are those entities in which CIC has significant influence, but not control, over strategic financial and operating decisions. Significant influence is presumed to exist when CIC holds between 20.0 and 50.0 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities CIC has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method and are recognized initially at cost. CIC's investment includes any goodwill identified at acquisition, net of accumulated impairment losses. The condensed consolidated interim financial statements include CIC's share of the total comprehensive income and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of CIC, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When CIC's share of losses exceeds its interest in equity accounted investees, the carrying amount of that interest is reduced to $Nil and the recognition of further losses is discontinued except to the extent that CIC has an obligation or has made payments on behalf of the investee.

3. Significant accounting policies (continued)

Basis of consolidation (continued)

Jointly controlled assets

Jointly controlled assets involve the joint control of one or more assets acquired for and dedicated to the purpose of a joint venture. The condensed consolidated interim financial statements include CIC's proportionate share of the jointly controlled assets, incurred liabilities and income and expenses as well as any liabilities and expenses that CIC has incurred directly with respect of its 50.0 per cent interest in the Kisbey Gas Gathering and Processing Facility and the Totnes Natural Gas Storage Facility.

Special purpose entities

CIC has established certain special purpose entities (SPEs) for trading and investment purposes. CIC does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with CIC and the SPE's risks and rewards, CIC concludes that it controls the SPE. SPE's controlled by CIC were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in CIC receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

CIC has two SPE's, Meadow Lake Pulp Limited Partnership and 212822 Saskatchewan Ltd. These SPEs are not material to CIC's consolidated results.

Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the condensed consolidated interim financial statements. Unrealized gains arising from transactions with investments in equity accounted investees are eliminated against the investment to the extent of CIC's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

4. Status of CIC

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

5. Discontinued operations and assets held for sale

During 2010, CIC approved plans to dispose of its wholly-owned subsidiary Hospitality Network Canada, Inc. (Hospitality Network) and its 70.0 per cent interest in Saskatoon 2 Properties Limited Partnership (Saskatoon Square).

On January 4, 2011, CIC sold its interest in Saskatoon Square for proceeds of $34.4 million resulting in a gain on sale of $27.0 million. On January 31, 2011, CIC disposed of the net assets of Hospitality Network for proceeds of $36.0 million resulting in a gain on sale of $3.7 million.

Effective January 1, 2011, the Corporation classified its 30.0 per cent ownership interest in Gas Sur S.A. and its 40.1 per cent ownership interest in IGASAMEX USA Ltd., as assets held for sale given the likelihood that the Corporation would sell those investments during the year. Accordingly, as of January 1, 2011, the Corporation ceased applying the equity method and began measuring those investments as the lower of carrying amount and fair value less cost to sell.

On June 28, 2011, the Corporation sold its 30.0 per cent ownership interest in Gas Sur S.A. resulting in proceeds of U.S. $6.0 million and a loss on sale of $10.7 million.

Assets classified as held for sale relating to discontinued operations are comprised of the following:
(thousands of dollars)

	June 30 2011	December 31 2010
Cash	$ -	$ 1,707
Accounts receivable	-	6,027
Prepaid expenses	-	2,333
Long-term assets classified as current	-	310
Other assets	**13,377**	31,352
	$ 13,377	$ 41,729

Liabilities classified as held for sale relating to discontinued operations are comprised of the following:
(thousands of dollars)

	June 30 2011	December 31 2010
Accounts payable and accrued liabilities	**$ -**	$ 1,635

The impact of discontinued operations on consolidated net earnings is comprised of the following:
(thousands of dollars)

	June 30 2011	June 30 2010
Revenue	**$ 2,530**	$ 16,268
Expenses	**(2,495)**	(13,809)
	35	2,459
Gain on sale of discontinued operations	**20,048**	-
Net earnings from discontinued operations	**$ 20,083**	$ 2,459

6. Employee future benefits

Included in other comprehensive loss on the condensed consolidated statement of comprehensive income (loss) and in employee future benefits on the condensed consolidated statement of financial position are defined benefit actuarial losses, resulting from changes to the discount rate used to calculate employee future benefit plan liabilities and the actual versus estimated fair value of employee future benefit plan assets.

7. Equity advances and capital disclosures

CIC does not have share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF.

Due to its ownership structure, CIC has no access to capital markets for equity. Equity advances in CIC are determined by the shareholder on an annual basis. Dividends to the GRF are determined through the Saskatchewan provincial budget process on an annual basis.

CIC closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a CIC's capital structure. CIC uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility.

Too high a ratio relative to target indicates an excessive debt burden that may impair CIC's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

CIC reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board. CIC uses targeted debt ratios to compile a weighted average debt to equity ratio for the CIC Crown sector. The target ratio for 2011 is 55.3 per cent.

CIC raises most of its capital requirements through internal operating activities and long-term debt through the GRF. This type of borrowing allows CIC to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

CIC made no changes to its approach to capital management during the period.

The debt ratio is as follows (thousands of dollars):

	June 30 2011	December 31 2010
Total debt (a)	**$ 4,412,553**	$ 4,440,909
Less: Sinking funds	**(449,005)**	(419,665)
Net debt	**3,963,548**	4,021,244
Equity (b)	**4,426,986**	4,065,178
Capitalization	**$ 8,390,534**	$ 8,086,422
Debt ratio	**47.2%**	49.7%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

b) Equity includes equity advances, contributed surplus and retained earnings.

8. Accumulated other comprehensive loss
(thousands of dollars)

	June 30 2011	December 31 2010
Foreign currency translation adjustments	$ (934)	$ (1,106)
Unrealized gains on cash flow hedges	315	374
Unrealized losses on interest rate swaps	(393)	(525)
Unrealized gains on natural gas hedges	141	346
Other	23	-
	$ (848)	$ (911)

9. Commitments and contingencies

a) CIC has been named a defendant in a number of civil actions in relation to a natural gas explosion that occurred in April 2008 in Nipawin, Saskatchewan. CIC has denied liability on all claims, which remain at an early stage, and does not expect the outcome to result in any material financial impact.

b) In June, 2011 statements of claim were filed against CIC in relation to several natural gas incidents that occurred during the spring of 2011 in Regina, Saskatchewan. These claims remain at an early stage, and CIC does not expect the outcome to result in any material financial impact.

c) As part of the final closing of the sale of Crown Life Insurance Company (Crown Life), owned 65.2% by HARO Financial Corporation, to Canada Life Assurance Company (Canada Life), the Corporation issued a $16.3 million (2010 - $26.1 million) letter of credit to Canada Life as security for outstanding litigation matters related to regular insurance transactions and marketing practices of Crown Life that are deemed to be the responsibility of Crown Life prior to the final closing. The Corporation recorded a provision of $10.9 million (2010 - $10.9 million) as its best estimate of the actual costs of such contingent liabilities.

d) CIC has various legal matters pending which, in the opinion of management, will not have a material effect on CIC's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to CIC's financial position or results of operations could result.

10. Consolidated statement of cash flows
(thousands of dollars)

	June 30 2011	June 30 2010
Adjustments to reconcile net earnings to cash provided by operating activities		
Depreciation and amortization	$ 270,568	$ 252,803
Earnings from investments in equity accounted investees	(5,184)	(9,728)
Net earnings from discontinued operations	(20,083)	(2,459)
Employer funding contributions	(35,119)	(35,363)
Defined benefit pension plan (income) expense	(4,530)	3,533
(Recovery of) provision for environmental remediation liabilities	(2,716)	2,680
Unrealized (gains) losses on derivative financial instruments	(14,053)	5,099
Net finance expenses	115,466	101,428
Other non-cash items	848	8,131
	$ 305,197	$ 326,124

11. Explanation of transition to IFRS

The accounting policies set out in Note 3 have been consistently applied in preparing the condensed consolidated interim financial statements for the period ended June 30, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010, and the period ended June 30, 2010.

In preparing these condensed consolidated interim financial statements, CIC has adjusted amounts reported previously in financial statements prepared in accordance with GAAP. Explanations of how the transition from GAAP to IFRS has affected CIC's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables (in cases where IFRS transition adjustments result in differences in excess of $5.0 million unless otherwise noted). For explanations of how the transition affected CIC's financial position at January 1, 2010 (the transition date) and December 31, 2010, please refer to CIC's March 31, 2011 condensed consolidated interim financial statements.

Reconciliation of consolidated equity
(thousands of dollars)

		June 30, 2010		
	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
ASSETS				
Current				
Cash and cash equivalents	a	$ 591,176	$ (5,171)	$ 586,005
Short-term investments		285,728	-	285,728
Accounts receivable	b	459,466	23,818	483,284
Restricted cash and cash equivalents		112,799	(315)	112,484
Derivative financial assets		77,772	-	77,772
Inventories		440,839	217	441,056
Prepaid expenses	c	158,198	(4,677)	153,521
Assets classified as held-for-sale	d	7,875	32,173	40,048
		2,133,853	46,045	2,179,898
Restricted cash and cash equivalents		95,614	-	95,614
Investments	e	1,069,702	(17,302)	1,052,400
Investments in equity accounted investees	f	104,698	65,348	170,046
Property, plant and equipment	g	6,577,723	656,451	7,234,174
Investment property	h	-	53,097	53,097
Intangible assets	i	192,718	5,197	197,915
Other assets	j	189,312	(134,887)	54,425
Long-term assets from discontinued operations	k	38,597	(38,597)	-
		$ 10,402,217	$ 635,352	$ 11,037,569

11. Explanation of transition to IFRS (continued)

Reconciliation of consolidated equity (continued)
(thousands of dollars)

		June 30, 2010		
	Note	**GAAP Balance**	**IFRS Adjustments**	**IFRS Balance**
LIABILITIES AND PROVINCE'S EQUITY				
Current				
Bank indebtedness		$ 9,586	$ -	$ 9,586
Trade and other payables	l	484,092	(9,679)	474,413
Derivative financial liabilities		97,584	(20)	97,564
Notes payable		549,856	-	549,856
Deferred revenue	m	528,250	(117,513)	410,737
Provisions	n	-	131,292	131,292
Current portion of finance lease obligations		900	1,893	2,793
Liabilities classified as held-for-sale		1,898	(315)	1,583
Long-term debt due within one year		178,984	(4,130)	174,854
		1,851,150	1,528	1,852,678
Provisions	o	-	427,857	427,857
Finance lease obligations	p	-	410,483	410,483
Long-term debt	q	3,615,592	(72,615)	3,542,977
Employee future benefits	r	-	446,507	446,507
Other liabilities	s	609,610	(472,180)	137,430
Long-term liabilities from discontinued operations	t	5,762	(5,762)	-
		6,082,114	735,818	6,817,932
PROVINCE OF SASKATCHEWAN'S EQUITY				
Equity advances		931,152	-	931,152
Other equity items		138	-	138
Retained earnings	u	3,375,266	(85,236)	3,290,030
Accumulated other comprehensive income (loss)	v	13,547	(15,230)	(1,683)
		4,320,103	(100,466)	4,219,637
		$ 10,402,217	$ 635,352	$ 11,037,569

11. Explanation of transition to IFRS (continued)

Reconciliation of consolidated comprehensive income for the three months April 1, 2010 to June 30, 2010
(thousands of dollars)

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
REVENUE				
Sales of products and services	w	$ 955,888	$ (3,121)	$ 952,767
Investment	x	28,906	(28,906)	-
Other	y	26,132	(2,398)	23,734
		1,010,926	(34,425)	976,501
EXPENSES				
Operating costs	z	728,104	(234,324)	493,780
Interest	aa	54,443	(54,443)	-
Salaries, wages and short-term employee benefits	ab	-	203,744	203,744
Employee future benefits	ac	-	10,457	10,457
Depreciation and amortization	ad	123,500	4,412	127,912
Gain on disposal of property, plant and equipment	ae	-	2,318	2,318
Research and development	af	-	1,642	1,642
Environmental remediation liabilities		-	1,340	1,340
Saskatchewan taxes and fees	ag	32,248	(3,669)	28,579
		938,295	(68,523)	869,772
RESULTS FROM OPERATING ACTIVITIES		72,631	34,098	106,729
Finance income	ah	-	17,656	17,656
Finance expenses	ai	-	(70,260)	(70,260)
NET FINANCE EXPENSES		-	(52,604)	(52,604)
EARNINGS BEFORE THE FOLLOWING		72,631	(18,506)	54,125
Share of net profit of equity accounted investees	aj	-	5,430	5,430
EARNINGS FROM CONTINUING OPERATIONS		72,631	(13,076)	59,555
Gain from discontinued operations		955	163	1,118
NET EARNINGS		73,586	(12,913)	60,673

11. Explanation of transition to IFRS (continued)

Reconciliation of consolidated comprehensive income for the three months April 1, 2010 to June 30, 2010 (continued)
(thousands of dollars)

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
OTHER COMPREHENSIVE LOSS				
Defined benefit plan actuarial losses		-	(129,008)	(129,008)
Share of changes in comprehensive losses recognized by associates		-	(31)	(31)
Foreign currency translation adjustments		542	(646)	(104)
Unrealized gains on cash flow hedges		99	109	208
Unrealized (losses) gains on available-for-sale financial assets	ak	(7,840)	7,840	-
Reclassification for realized (gains) Losses on sale of investments included in operations		(4,849)	4,849	-
Other		-	568	568
OTHER COMPREHENSIVE LOSS		(12,048)	(116,319)	(128,367)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO PROVINCE OF SASKATCHEWAN		$ 61,538	$ (129,232)	$ (67,694)

11. Explanation of transition to IFRS (continued)

Reconciliation of consolidated comprehensive income for the six months ended June 30, 2010
(thousands of dollars)

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
REVENUE				
Sales of products and services	w	$ 2,155,116	$ (662)	$ 2,154,454
Investment	x	41,109	(41,109)	-
Other	y	55,668	(8,579)	47,089
		2,251,893	(50,350)	2,201,543
EXPENSES				
Operating costs	z	1,628,118	(465,271)	1,162,847
Interest	aa	112,116	(112,116)	-
Salaries, wages and short-term employee benefits	ab	-	404,291	404,291
Employee future benefits	ac	-	20,741	20,741
Depreciation and amortization	ad	245,050	7,753	252,803
Gain on disposal of property plant and equipment	ae	-	4,109	4,109
Research and development	af	-	2,167	2,167
Provision for environmental remediation liabilities		-	2,680	2,680
Saskatchewan taxes and fees	ag	70,668	(12,111)	58,557
		2,055,952	(147,757)	1,908,195
RESULTS FROM OPERATING ACTIVITIES		195,941	97,407	293,348
Finance income	ah	-	37,854	37,854
Finance expenses	ai	-	(139,282)	(139,282)
NET FINANCE EXPENSES		-	(101,428)	(101,428)
EARNINGS BEFORE THE FOLLOWING		195,941	(4,021)	191,920
Share of net profit of equity accounted investees	aj	-	9,728	9,728
EARNINGS FROM CONTINUING OPERATIONS		195,941	5,707	201,648
Gain from discontinued operations		2,111	348	2,459
NET EARNINGS		198,052	6,055	204,107

11. Explanation of transition to IFRS (continued)

Reconciliation of consolidated comprehensive income for the six months ended June 30, 2010 (continued)
(thousands of dollars)

	Note	GAAP Balance	IFRS Adjustments	IFRS Balance
OTHER COMPREHENSIVE LOSS				
Defined benefit plan actuarial losses		-	(129,008)	(129,008)
Share of changes in comprehensive income recognized by associates		-	119	119
Foreign currency translation adjustments		(1,460)	1,245	(215)
Unrealized gains on cash flow hedges		385	31	416
Unrealized (losses) gains on available-for-sale financial assets	ak	(2,535)	2,535	-
Reclassification for realized (gains) losses on sale of investments included in operations		(5,911)	5,911	-
Other		-	(1,395)	(1,395)
OTHER COMPREHENSIVE LOSS		(9,521)	(120,562)	(130,083)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO PROVINCE OF SASKATCHEWAN		$ 188,531	$ (114,507)	$ 74,024

Reconciliation of consolidated cash flows for the six months ended June 30, 2010
(thousands of dollars)

Net change in cash under GAAP	$ 247,925
Differences increasing (decreasing) reported net change in cash:	
Cash used in operating activities	(6,174)
Cash from investing activities	4,410
Cash from financing activities	2,525
Net change in cash under IFRS	$ 248,686

Consistent with CIC's accounting policy choice under IAS 7 - *Statement of Cash Flows*, dividends received have been classified as investing activities. Interest paid has been reclassified from net earnings under GAAP into a separate line item in the operating activities section under IFRS. Interest received has been reclassified from net earnings within cash from operating activities under GAAP into a separate line item in the investing activities section under IFRS. Customer contributions which were netted against the purchase of property, plant and equipment under GAAP have been reclassified to operating cash flows under IFRS. There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under GAAP.

11. Explanation of transition to IFRS (continued)

The following tables provide breakdowns of reconciling items that impacted each financial statement line item as referenced in the reconciliations between GAAP and IFRS above (in cases where reconciling items result in differences in excess of $5.0 million unless otherwise noted). Narrative explanations for reconciling items follow the tables with cross references to those narratives as shown.

a Cash and cash equivalents
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling item:	
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)	$ (5,171)

b Accounts receivable
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Directory advertising revenues (2)	$ 7,919
Saskatchewan Auto Fund constructive obligation (3)	10,454
Reclassify customer down payments from accounts receivable to trade and other payables (4)	5,767
Other	(322)
	$ 23,818

c Prepaid expenses
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Prepaid publishing expenses (5)	$ (3,886)
Other	(791)
	$ (4,677)

11. Explanation of transition to IFRS (continued)

d Assets classified as held-for-sale
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Reclassify long-term assets from discontinued operations to current (6)	$ 38,597
Other	(6,424)
	$ 32,173

e Investments
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)	$ (23,579)
Revalue cost based investments (7)	6,211
Other	66
	$ (17,302)

f Investments in equity accounted investees
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)	$ 65,348

11. Explanation of transition to IFRS (continued)

g Property, plant and equipment
(thousands of dollars)

		Increase (decrease) June 30 2010
Reconciling items:		
Customer contributions (8)	$	505,566
Finance leases (9)		252,548
Property fair value adjustments (10)		205,307
De-capitalization of indirect overhead (11)		(147,687)
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)		(100,436)
Reclassify investment property (12)		(53,767)
Capitalized interest (13)		(9,235)
Recalculation of decommissioning and environmental remediation provisions (14)		(23,592)
Capital reconstruction charge (15)		18,089
Reclassify government grants to other liabilities (16)		16,494
Other		(6,836)
	$	656,451

h Investment property
(thousands of dollars)

		Increase (decrease) June 30 2010
Reconciling items:		
Reclassify investment property from property, plant and equipment (12)	$	53,767
Other		(670)
	$	53,097

i Intangible assets
(thousands of dollars)

		Increase (decrease) June 30 2010
Reconciling items:		
Reclassify goodwill from other assets to intangible assets (17)	$	6,557
Other		(1,360)
	$	5,197

11. Explanation of transition to IFRS (continued)

j Other assets
(thousands of dollars)

		Increase (decrease) June 30 2010
Reconciling items:		
Employee future benefits (18)	$	(200,701)
Reclassify employee future benefits (19)		71,780
Reclassify goodwill from other assets to intangible assets (17)		(6,557)
Other		591
	$	(134,887)

k Long-term assets from discontinued operations
(thousands of dollars)

		Increase (decrease) June 30 2010
Reconciling item:		
Reclassify long-term assets from discontinued operations to current (6)	$	(38,597)

l Trade and other payables
(thousands of dollars)

		Increase (decrease) June 30 2010
Reconciling items:		
Reclassify employee future benefits (19)	$	(19,945)
Reclassify customer down payments from accounts receivable to trade and other payables (4)		5,767
Other		4,499
	$	(9,679)

m Deferred revenue - current
(thousands of dollars)

		Increase (decrease) June 30 2010
Reconciling items:		
Reclassify unpaid insurance claims to provisions (20)	$	(131,292)
Customer contributions (8)		14,820
Other		(1,041)
	$	(117,513)

11. Explanation of transition to IFRS (continued)

n Provisions - current
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Reclassify unpaid insurance claims to provisions (20)	$ 131,292

o Provisions – long-term
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Reclassify unpaid insurance claims to provisions (20)	$ 201,314
Reclassify decommissioning and environmental remediation liabilities to provisions (21)	241,440
Recalculations for decommissioning and environmental remediation liabilities (14)	(10,044)
Recalculation of unpaid insurance claims (22)	(7,685)
Other	2,832
	$ 427,857

p Finance lease obligations
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling item:	
Finance leases (9)	$ 410,483

q Long-term debt
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)	$ (72,350)
Other	(265)
	$ (72,615)

11. Explanation of transition to IFRS (continued)

r Employee future benefits
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Employee future benefits (18)	$ 280,000
Reclassify employee future benefits from other liabilities (19)	74,782
Reclassify employee future benefits from trade and other other payables (19)	19,945
Reclassify employee future benefits from other assets (19)	71,780
	$ 446,507

s Other liabilities
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Reclassify decommissioning and environmental remediation liabilities to provisions (21)	$ (241,440)
Reclassify unpaid insurance claims to provisions (20)	(201,314)
Reclassify employee future benefits (19)	(74,782)
Reclassify government grants to other liabilities (16)	16,494
Customer contributions (8)	13,206
Other	15,656
	$ (472,180)

t Long-term liabilities of discontinued operations
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling item:	
Equity accounting used under IFRS versus proportionate consolidation under GAAP (1)	$ (5,762)

11. Explanation of transition to IFRS (continued)

u Retained earnings
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Customer contributions (8)	$ 477,540
Employee future benefits (18)	(351,693)
Property fair value adjustments (10)	205,307
De-capitalization of indirect overhead (11)	(147,732)
Finance leases (9)	(159,828)
Reclassify actuarial losses from accumulated other comprehensive income to retained earnings (23)	(129,008)
Reclassify investment gains (losses) from accumulated other comprehensive income (24)	18,828
Capitalized interest (13)	(11,450)
Capital reconstruction charge (15)	18,089
Directory advertising revenues (2)	7,919
Recalculations for decommissioning and environmental remediation provisions (14)	(13,548)
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)	9,052
Recalculation of unpaid insurance claims (22)	7,400
Saskatchewan Auto Fund constructive obligation (3)	5,573
Prepaid publishing expenses (5)	(3,886)
Revalue cost-based investments (7)	6,211
Other	(24,010)
	$ (85,236)

v Accumulated other comprehensive income (loss)
(thousands of dollars)

	Increase (decrease) June 30 2010
Reconciling items:	
Reclassify investment gains (losses) from accumulated other comprehensive income (24)	$ (18,828)
Reclassify actuarial losses from accumulated other comprehensive income to retained earnings (23)	(129,008)
Employee future benefits (18)	129,008
Other	3,598
	$ (15,230)

11. Explanation of transition to IFRS (continued)

w Sales of products and services
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Customer contributions (8)	$ 7,330	$ 23,936
Reclassify revenue collected for municipalities (25)	(3,669)	(12,112)
Directory advertising revenues (2)	(6,132)	(11,880)
Other	(650)	(606)
	$ (3,121)	$ (662)

x Investment revenue
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify investment revenue to finance income (26)	$ (20,205)	$ (32,097)
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)	(5,957)	(5,957)
Reclassify investment revenue to share of net profit of equity accounted investees (27)	(2,665)	(3,053)
Other	(79)	(2)
	$ (28,906)	$ (41,109)

y Other income
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify other income to finance income (28)	$ (2,819)	$ (5,052)
Other	421	(3,527)
	$ (2,398)	$ (8,579)

11. Explanation of transition to IFRS (continued)

z Operating costs
(thousands of dollars)

	Increase (decrease) 2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify salaries, wages and short-term employee benefits (29)	$ (197,643)	$ (394,203)
Reclassify employee future benefits (30)	(23,017)	(45,861)
Finance leases (9)	(12,861)	(26,221)
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)	1,692	4,759
Employee future benefits (18)	1,768	3,535
Reclassify operating costs to research and development (31)	(1,642)	(2,167)
Other	(2,621)	(5,113)
	$ (234,324)	$ (465,271)

aa Interest
(thousands of dollars)

	Increase (decrease) 2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify interest to finance expenses (32)	$ (53,901)	$ (109,654)
Capitalized interest (13)	(3,010)	(6,412)
Other	2,468	3,950
	$ (54,443)	$ (112,116)

ab Salaries, wages and short-term employee benefits
(thousands of dollars)

	Increase (decrease) 2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify salaries, wages and short-term employee benefits (29)	$ 197,643	$ 394,203
De-capitalization of indirect overhead (11)	6,101	10,088
	$ 203,744	$ 404,291

11. Explanation of transition to IFRS (continued)

ac Employee future benefits
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify employee future benefits (30)	$ 23,017	$ 45,861
Employee future benefits (18)	(10,185)	(22,745)
Other	(2,375)	(2,375)
	$ 10,457	$ 20,741

ad Depreciation and amortization
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Customer contributions (8)	$ 5,016	$ 9,890
Finance leases (9)	3,882	7,764
Reclassify gains on sale of property, plant and equipment (33)	(1,713)	(3,474)
De-capitalization of indirect overhead (11)	(1,452)	(2,732)
Other	(1,321)	(3,695)
	$ 4,412	$ 7,753

ae Gain on disposal of property, plant and equipment
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify gains on sale of property, plant and equipment (33)	$ 1,713	$ 3,474
Other	605	635
	$ 2,318	$ 4,109

11. Explanation of transition to IFRS (continued)

af Research and development
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling item:		
Reclassify operating costs to research and development (31)	$ 1,642	$ 2,167

ag Saskatchewan taxes and fees
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling item:		
Reclassify revenue collected for municipalities (25)	$ (3,669)	$ (12,111)

ah Finance income
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify investment revenue to finance income (26)	$ 20,205	$ 32,097
Reclassify other income to finance income (28)	2,819	5,052
Reclassify investment gains (losses) from accumulated other comprehensive income (24)	(8,413)	(3,247)
Other	3,045	3,952
	$ 17,656	$ 37,854

11. Explanation of transition to IFRS (continued)

ai Finance expenses
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify interest to finance expenses (32)	$ (53,901)	$ (109,654)
Finance leases (9)	(12,732)	(25,480)
Other	(3,627)	(4,148)
	$ (70,260)	$ (139,282)

aj Share of net profit of equity accounted investees
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify investment revenue to share of net profit of equity accounted investees (27)	$ 2,665	$ 3,053
Equity accounting under IFRS versus proportionate consolidation under GAAP (1)	2,400	4,859
Other	365	1,816
	$ 5,430	$ 9,728

ak Unrealized gains on available for sale financial assets
(thousands of dollars)

	Increase (decrease)	
	2010 April 1 to June 30	2010 January 1 to June 30
Reconciling items:		
Reclassify investment gains (losses) from accumulated other comprehensive income (24)	$ 7,840	$ 2,535

11. Explanation of transition to IFRS (continued)

Notes to financial statement line item reconciliations

1) Equity accounting used under IFRS versus proportionate consolidation under GAAP

Under IFRS, CIC accounts for jointly controlled interests using the equity method. Under GAAP, CIC accounted for these interests using the proportionate consolidation method.

2) Directory advertising revenues

Under GAAP directory advertising revenue was recognized on a monthly basis over the life of the print directory in accordance with the contractual terms with advertisers. Under IFRS, print directory revenues are recognized immediately when each directory is distributed to the public.

3) Saskatchewan Auto Fund constructive obligation

CIC allocates a portion of its post-retirement benefit costs associated with the SGI defined benefit pension plan and defined benefit service recognition plans to the Saskatchewan Auto Fund (the Fund) for those employees providing service to the Fund. IFRS adjustments related to recognition of actuarial gains and losses on these plans (see (18) below) result in corresponding adjustments to reallocate expenses to the Fund. The constructive obligation arises from events and transactions before the date of transition to IFRS and accordingly has been recognized directly in retained earnings.

4) Reclassify customer down payments from accounts receivable to trade and other payables

Under GAAP, customer down payments were netted against accounts receivable. Under IFRS, customer down payments have been reclassified to trade and other payables.

5) Prepaid publishing expenses

Under GAAP, expenses directly related to directory publications were deferred and amortized over the life of the related directory. Under IFRS, these expenses are recognized immediately when the related directory is distributed to the public.

6) Reclassify long-term assets from discontinued operations to current

Under GAAP, certain assets from discontinued operations were classified as long-term and shown on a separate line item on the statement of financial position. Under IFRS, all assets from discontinued operations are required to be classified as current on the statement of financial position.

7) Revalue cost-based investments

Certain investments formerly carried at cost under GAAP, are required to be carried at fair market value under IFRS.

8) Customer contributions

Under IFRS, customer contributions received from certain customers toward the costs of electricity and natural gas service extensions are initially recorded as current deferred revenue or other liabilities and recognized as revenue when the related capital asset is available for use and any obligations to refund monies to customers have expired. Under GAAP, customer contributions were netted against property, plant and equipment and amortized over the estimated service life of the related asset. Under GAAP, the amortization of these contributions was netted against depreciation expense.

Under GAAP, transfers of assets from customers related to telecommunication service connections were recorded as property, plant and equipment with a corresponding reduction in the cost of the related asset. Under IFRS, the corresponding adjustment on the receipt of the asset is recognized as revenue when the customer is connected to the telecommunications network.

11. Explanation of transition to IFRS (continued)

Notes to financial statement line item reconciliations (continued)

9) Finance leases

Under IFRS, certain take-or-pay power purchase agreements which give CIC the exclusive right to use specific production assets have been determined to meet the definition of a lease. Under GAAP, lease treatment was not required as the contracts were entered into prior to the effective date of the GAAP standard.

Upon transition to IFRS, CIC elected to recognize finance leases for these arrangements on the basis of facts and circumstances existing at the Transition Date.

10) Property fair value adjustments

IFRS 1 provides the option to measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date. On transition to IFRS, CIC elected to fair value certain land and building assets. Under GAAP, these properties were measured on the cost basis.

11) De-capitalization of indirect overhead

Under GAAP, CIC capitalized certain costs, including general and administrative overhead, which are not eligible to be capitalized under IFRS.

12) Reclassify investment property from property, plant and equipment

Certain assets classified as property, plant and equipment under GAAP meet the definition of investment property under IFRS.

13) Capitalized interest

Under GAAP, CIC capitalized borrowing costs on certain but not all of its qualifying assets. Under IFRS, interest on all qualifying assets is required to be capitalized.

14) Recalculation of decommissioning and environmental remediation provisions

Under IFRS, a decommissioning provision is a legal or constructive obligation associated with retiring and decommissioning a long-lived asset. CIC recognizes these provisions in the period incurred if a reasonable estimate of fair value (net present value) can be determined. Under GAAP, asset retirement obligations were recognized in respect of CIC's legal obligation to decommission its electricity generation and natural gas facilities. On transition to IFRS, these provisions were re-measured based on management's best estimate of future cash flows at the reporting date. Accordingly, CIC discounted the adjustment to the date that the liability first arose on commissioning, and calculated the accumulated depreciation on that amount based on current depreciation rates.

Under IFRS, a provision for environmental remediation liabilities is accrued when the occurrence of an environmental expenditure, related to present or past activities is considered probable and the costs of remedial activities can be reasonably estimated. Under GAAP, CIC recognized environmental remediation provisions based on management's best estimate considering current environmental laws and regulations.

Upon transition to IFRS, these environmental remediation provisions were re-measured at discounted amounts.

15) Capital reconstruction charge

Under GAAP, capital reconstruction charges received from certain customers towards the cost of constructing electrical facilities were netted against property, plant and equipment and amortized over the estimated service life of the related asset. Under IFRS, unamortized capital reconstruction charge balances no longer meet the requirements for deferral resulting in an immediate increase to retained earnings.

16) Reclassify government grants to other liabilities

Under GAAP, capital grants received from government entities outside of the consolidated group were netted against property, plant and equipment. IFRS does not allow netting of capital grants resulting in a reclassification of remaining balances to deferred revenue and other liabilities.

17) Reclassify goodwill from other assets to intangible assets

Under GAAP, goodwill was classified as part of other assets. Under IFRS, goodwill is defined as an intangible asset resulting in the reclassification of outstanding goodwill balances.

11. Explanation of transition to IFRS (continued)

Notes to financial statement line item reconciliations (continued)

18) Employee future benefits

Under IFRS, CIC's accounting policy is to recognize all actuarial gains and losses arising from employee future benefit plans directly in other comprehensive income in the period of occurrence. Under GAAP, CIC recognized actuarial gains and losses in earnings over the average remaining service life of the employees in the plan (the corridor approach). At the date of transition, all previously unrecognized cumulative actuarial gains and losses for all employee future benefit plans were recognized in retained earnings. The employee future benefit expense on the consolidated statement of comprehensive income has been calculated based on the actuarial valuations obtained at each period-end.

19) Reclassify employee future benefits

Under GAAP, employee future benefits were included on various financial statement line items including other assets, trade and other payables, and other liabilities. Under IFRS, all employee future benefits are reclassified to a separate employee future benefit line item.

20) Reclassify unpaid insurance claims to provisions

Under GAAP, unpaid insurance claims were included in deferred revenue and other liabilities. Under IFRS, unpaid insurance claims meet the definition of a provision and therefore have been reclassified to the provisions line item.

21) Reclassify decommissioning and environmental remediation liabilities to provisions

Under GAAP, decommissioning obligations and environmental remediation liabilities were included in other liabilities. Under IFRS, decommissioning obligations, and environmental remediation liabilities meet the definition of a provision and therefore have been reclassified to the provisions line item.

22) Recalculation of unpaid insurance claims

Under GAAP, liabilities for unpaid insurance claims were recorded at undiscounted values. IFRS requires these claims to be recorded at discounted values.

23) Reclassify actuarial losses from accumulated other comprehensive income to retained earnings

As explained in (18) above, actuarial losses on employee future benefit plans are initially recorded in other comprehensive income in the period of occurrence and subsequently reclassified to retained earnings.

24) Reclassify investment gains (losses) from accumulated other comprehensive income

Under GAAP, unrealized gains and losses on available-for-sale investments were included in accumulated other comprehensive income (AOCI). Under IFRS, unrealized gains and losses on available-for-sale investments are immediately recorded in net earnings, resulting in the reclassification of cumulative unrealized gains and losses at the date of transition from AOCI to retained earnings.

25) Reclassify revenue collected for municipalities

Under GAAP, revenue collected for municipalities was classified as part of sales of products and services. Under IFRS, this revenue is netted against Saskatchewan taxes and fees expense.

26) Reclassify investment revenue to finance income

Certain investment revenue under GAAP has been reclassified to the finance income line item on the consolidated statement of comprehensive income under IFRS.

27) Reclassify investment revenue to share of net profit of equity accounted investees

Earnings from equity accounted investments were classified as investment revenue under GAAP but are reclassified to a separate line item on the statement of comprehensive income under IFRS.

11. Explanation of transition to IFRS (continued)

Notes to financial statement line item reconciliations (continued)

28) Reclassify other income to finance income

Certain amounts classified as other income under GAAP have been reclassified to the finance income line item on the consolidated statement of comprehensive income under IFRS.

29) Reclassify salaries, wages and short-term employee benefits

Under GAAP, salaries, wages and short-term employee benefits were included within operating costs on the consolidated statement of comprehensive income. Under IFRS, salaries, wages and short-term employee benefits are presented on a separate line item on the consolidated statement of comprehensive income.

30) Reclassify employee future benefits

Under GAAP, employee benefits were included within operating costs on the consolidated statement of comprehensive income. Under IFRS, employee benefits are presented on a separate line item on the consolidated statement of comprehensive income.

31) Reclassify operating costs to research and development

Certain expenses included in operating costs under GAAP have been reclassified to the research and development line item on the consolidated statement of comprehensive income under IFRS.

32) Reclassify interest to finance expenses

Under GAAP, interest expense was presented as a separate line item on the consolidated statement of comprehensive income. Under IFRS, interest expenses are included in finance expenses.

33) Reclassify gains on sale of property, plant and equipment

Gains on sale of property, plant and equipment which were netted against depreciation expense under GAAP have been reclassified to a separate line item on the consolidated statement of comprehensive income under IFRS.

Separate Financial Statements

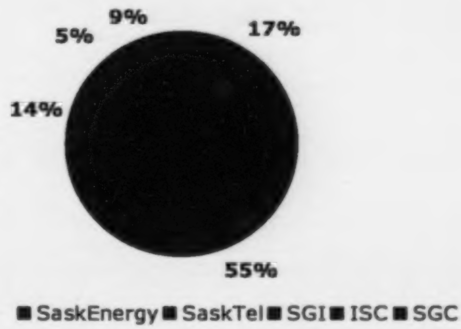
Management's Discussion and Analysis

CIC is the provincial government's holding company for its commercial Crowns. CIC has invested equity in its subsidiary Crown corporations and collects dividends from these corporations based on their profitability.

This narrative on CIC's separate June 30, 2011 second quarter results should be read in conjunction with the June 30, 2011 unaudited condensed separate financial statements.

For the purposes of this narrative on CIC's separate financial results, "CIC" refers to the holding company.

Dividend Revenue



Transition to IFRS

The Canadian Accounting Standards Board confirmed that publicly accountable enterprises are required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009, approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS and Other Government Organizations (OGO's) to adopt either IFRS or the public sector handbook, whichever is considered the most appropriate basis of accounting. CIC, as a stand-alone entity is an OGO, however, because the majority of its subsidiaries are GBE's, CIC has selected IFRS as its accounting platform for the CIC separate financial statements. The June 30, 2011 unaudited interim condensed separate financial statements follow the same accounting policies as disclosed in CIC's March 31, 2011 unaudited interim separate financial statements. Readers should refer to those financial statements for information on all of CIC's separate financial statement accounting policies.

Financial Results

CIC Separate Second Quarter Earnings (thousands of dollars) (unaudited)		**For the six months ended June 30, 2011**	For the six [redacted] June 30, 2010
Dividend revenue from Crown corporations		**$ 114,338**	$ 142,291
Add:	Finance and other revenue	**2,483**	1,891
	Grant funding from GRF	**99,840**	42,664
Less:	Operating, salaries and other expenses	**(6,235)**	(5,642)
	Grants to subsidiary corporations	**(115,902)**	(59,145)
Total separate net earnings		**$ 94,524**	$ 122,059

Earnings

Earnings for the first six months of 2011 were $94.5 million (2010 - $122.1 million). The first six months earnings decreased $27.6 million from the same period in 2010. The decrease is primarily due to decreases in dividend revenue of $28.0 million, increases in general, administrative and other expenses of $0.6 million and increases in grants to subsidiary corporations of $56.8 million. These decreases were offset by increases in net financing income and other revenue of $0.6 million and increases in grant funding from the GRF of $57.2 million.

Dividend Revenue

Dividend revenue for the six months ended June 30, 2011 was $114.3 million (2010 - $142.3 million). The $28.0 million decrease was due to decreased dividends from SOCO ($9.0 million), which declared a $9.0 million special dividend to CIC during 2010, SaskTel ($12.3 million), SaskEnergy ($6.8 million), ISC ($2.8 million), and SGC ($2.4 million). The decreases were offset by increased dividends from SGI ($5.3 million).

For the first six months of each year, dividends from subsidiary Crown corporations are based on 50.0 per cent of their forecasted dividend for the year. The forecasted dividend is calculated under CIC's dividend policy which applies a percentage payout of net earnings based on the overall financial health of the subsidiary Crown and its need for capital investment. These dividend forecasts are subject to change during the year if there is a significant change in circumstances. For the current year, the dividend at SaskTel and ISC is based on 90.0 per cent of net earnings, SaskEnergy (excluding the effect of unrealized market adjustments) and SGC is based 80.0 per cent of net earnings and SGI is based on 75.0 per cent of net earnings. CIC Asset Management Inc.'s dividend is calculated on a cash availability formula, which is determined at year end. In 2011, dividends from SaskPower have been eliminated in order to support SaskPower's significant capital program.

Operating, Salaries and Benefits and Other Expenses

Operating, salaries and benefits and other expenses were $6.2 million for the six months ended June 30, 2011 (2010 - $5.6 million). The increase of $0.6 million was due mainly to funding provided by CIC to Canadian Light Source Inc. to research commercial production of medical isotopes.

Grants to Subsidiary Corporations

During the first six months of 2011, CIC provided $115.9 million (2010 - $59.1 million) in grants to subsidiary corporations. STC received $4.5 million (2010 - $4.4 million) in grants to support ongoing operations. SaskEnergy received $11.3 million (2010 - $10.4 million) to fund the EnerGuide for Houses Matching Grant Program. SaskPower received $99.9 million (2010 - $42.7 million) for carbon capture and storage initiatives. CIC provided this grant out of restricted funding from the GRF. SaskTel received $Nil (2010 - $1.6 million) to fund FleetNet, a provincial emergency communications network. Gradworks Inc., a non-profit subsidiary of CIC, received $0.3 million (2010 - $Nil) to fund its internship program.

CIC's 2011 budget includes public policy and grant funding expenditures as follows: $10.9 million to support ongoing operations at STC; $29.4 million of funding to SaskEnergy for the EnerGuide for Houses Matching Grant Program; $10.0 million funding to SaskTel to fund infrastructure programs; and $0.4 million of operating grants to Gradworks.

Management's Discussion and Analysis (continued)

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars) (unaudited)	For the six months ended **June 30 2011**	June 30 2010
Net cash from operations	$ **93.5**	$ 143.5
Net cash from investing activities	**0.6**	229.1
Net cash used in financing activities	**(108.4)**	(162.7)
Net change in cash	$ **(14.3)**	$ 209.9

Liquidity

CIC finances its capital requirements through internally-generated cash flow and through borrowing from the GRF. The GRF borrows on CIC's behalf in capital markets.

Operating, Investing and Financing Activities

Cash from operations for the six months ended June 30, 2011 was $93.5 million (2010 - $143.5 million). The $50.0 million decrease was due mainly to lower net earnings of $27.5 million, and a decrease in other non-cash working capital balances related to operations.

Cash from investing activities for the six months ended June 30, 2011 was $0.6 million (2010 - $229.1 million). The difference from period to period is due to reclassifications of cash between cash and cash equivalents and short-term investments. Short-term money market investments are classified as cash and cash equivalents if maturity of the investment is 89 days or less and classified as short-term investments if maturity date is 90 days or more. Cash from investing activities was also affected by CIC funding $110.1 million to SaskPower for clean coal initiatives from restricted cash.

Cash used in financing activities was $108.4 million (2010 - $162.7 million). Financing activities in the second quarter of 2011 consisted of dividends paid to the GRF of $8.5 million and decreases in deferred funding from the GRF of $99.9 million.

Debt Management

CIC as a legal entity has no debt. Currently, CIC does not expect to borrow in 2011.

Outlook and Key Factors Affecting Performance

The key factor affecting CIC's earnings is the level of net earnings and in turn dividends from commercial subsidiary Crown corporations. The CIC Board determines dividends from a commercial subsidiary after allocating cash for reinvestment within the Crown to sustain operations, to grow and to diversify, and for debt reduction if necessary.

CIC regularly assesses the appropriateness of the carrying value for its investments, and writes down an investment if it judges there to be a permanent impairment in carrying value. CIC regularly reviews its investments with private sector partners to determine the appropriateness of retention or sale.

Crown Investments Corporation of Saskatchewan
Condensed Separate Statement of Financial Position
As at
(thousands of dollars)
(unaudited)

	Note	June 30 2011	December 31 2010
ASSETS			
Current			
Cash and cash equivalents		$ 146,558	$ 160,811
Short-term investments		260,737	154,698
Interest and accounts receivable		1,270	2,845
Dividends receivable		50,268	60,785
Restricted cash and cash equivalents		400	110,505
		459,233	489,644
Equity advances to Crown corporations	5	1,210,723	1,090,036
Investments in share capital corporations		99,910	95,208
Equipment		427	434
Intangible assets		499	512
		$ 1,770,792	$ 1,675,834
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		$ 2,714	$ 14,627
Deferred funding		400	100,240
		3,114	114,867
Province of Saskatchewan's Equity			
Equity advances		1,051,839	931,152
Retained earnings		715,839	629,815
		1,767,678	1,560,967
		$ 1,770,792	$ 1,675,834

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Separate Statement of Comprehensive Income
For the Period
(thousands of dollars)
(unaudited)

	Note	2011 April 1 to June 30	2011 January 1 to June 30	2010 April 1 to June 30	2010 January 1 to June 30
INCOME FROM OPERATIONS					
Dividend	6	$ 50,268	$ 114,338	$ 70,819	$ 142,291
Other income		1	91	2	3
		50,269	114,429	70,821	142,294
EXPENSES					
Operating		905	2,683	909	2,124
Salaries and benefits		1,710	3,213	1,606	3,201
Future employee benefit expense		104	261	101	236
Depreciation and amortization		40	78	42	81
		2,759	6,235	2,658	5,642
EARNINGS FROM OPERATIONS		47,510	108,194	68,163	136,652
Finance income		1,248	2,397	924	1,893
Finance expenses		(2)	(5)	(2)	(5)
NET FINANCE INCOME		1,246	2,392	922	1,888
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		48,756	110,586	69,085	138,540
Deferred grant funding earned		73,467	99,840	22,359	42,664
Grants to subsidiary corporations	7	(81,953)	(115,902)	(28,800)	(59,145)
NET EARNINGS ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		40,270	94,524	62,644	122,059
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		$ 40,270	$ 94,524	$ 62,644	$ 122,059

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Separate Statement of Changes in Equity
For the period
(thousands of dollars)
(unaudited)

	2011 January 1 to June 30	2010 January 1 to June 30
RETAINED EARNINGS		
Retained earnings - beginning of period	$ 629,815	$ 864,838
Total comprehensive income	94,524	122,059
Dividend to General Revenue Fund	(8,500)	-
Retained Earnings - end of period	715,839	986,897
EQUITY ADVANCES		
Equity advances - beginning of period	931,152	1,051,152
Equity advances received	120,687	-
Equity advances repaid	-	(120,000)
Equity advances - end of period	1,051,839	931,152
EQUITY ATTRIBUTED TO THE PROVINCE OF SASKATCHEWAN	$ 1,767,678	$ 1,918,049

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Separate Statement of Cash Flows
For the Period
(thousands of dollars)
(unaudited)

	Note	2011 January 1 to June 30	2010 January 1 to June 30
OPERATING ACTIVITIES			
Net earnings		$ 94,524	$ 122,059
Items not affecting cash from operations			
Amortization of discounts and premiums		1,091	-
Depreciation and amortization		78	81
Net finance income		(2,392)	(1,888)
		93,301	120,252
Net change in non-cash working capital balances related to operations	8	179	23,302
Interest paid		(5)	(5)
Net cash from operating activities		93,475	143,549
INVESTING ACTIVITIES			
Interest received		2,397	1,893
Purchase of investments		(6,664)	(3,374)
(Increase) decrease in short-term investments		(107,130)	197,512
Decrease in restricted cash and cash equivalents		110,105	29,538
Repayment of due from CIC Economic Holdco Ltd.		590	206
Repayment of due from Apex Equity Holdco Ltd.		1,372	1,804
Repayment of due from First Nations and Métis Fund Inc.		-	1,000
Purchase of equipment		(58)	(24)
Proceeds from retraction of equity advances		-	500
Net cash from investing activities		612	229,055
FINANCING ACTIVITIES			
Decrease in deferred funding		(99,840)	(42,664)
Repayment of equity advances		-	(120,000)
Dividend paid to General Revenue Fund		(8,500)	-
Net cash used in financing activities		(108,340)	(162,664)
NET CHANGE IN CASH DURING PERIOD		(14,253)	209,940
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		160,811	96,009
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 146,558	$ 305,949

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of the CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. CIC was established to act as a holding corporation for the province's commercial Crown sector. CIC develops broad corporate policy, directs investments for its subsidiaries and provides dividends to the province's General Revenue Fund (GRF). A list of CIC's subsidiaries is contained in Note 3.

2. Basis of preparation

a) Statement of compliance

The condensed separate financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting*. The policies set out have been consistently applied to all the periods presented unless otherwise noted.

CIC's condensed separate interim financial statements are prepared at the request of the Legislative Assembly of Saskatchewan. Reconciliations and descriptions of the effect of the transition from previous Canadian GAAP to IFRS on equity, earnings, and comprehensive income are included in Note 9.

The condensed separate interim financial statements were authorized for issue by the CIC Board of Directors on August 17, 2011.

b) Functional and presentation currency

These condensed separate interim financial statements are presented in Canadian Dollars, which is the CIC's functional currency.

3. Status of Crown Investments Corporation of Saskatchewan

The Government Finance Office was established by Order in Council 535/47 dated April 2, 1947, and was continued under the provision of *The Crown Corporations Act, 1993* (the Act), as CIC. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following wholly-owned Crown corporations have been designated or created by Order in Council:

Information Services Corporation of Saskatchewan
SaskEnergy Incorporated
Saskatchewan Development Fund Corporation
Saskatchewan Gaming Corporation
Saskatchewan Government Insurance
Saskatchewan Opportunities Corporation
Saskatchewan Power Corporation
Saskatchewan Telecommunications
Saskatchewan Telecommunications Holding Corporation
Saskatchewan Transportation Company
Saskatchewan Water Corporation

In addition to the above Crown corporations, CIC is the sole member of Gradworks Inc., a non-profit corporation and the sole shareholder of CIC Asset Management Inc. (CIC AMI), First Nations and Métis Fund Inc. (FNMF), Saskatchewan Immigrant Investor Fund Inc. (SIIF), CIC Economic Holdco Ltd., and CIC Apex Equity Holdco Ltd. which are wholly-owned share capital subsidiaries.

All subsidiary Corporations are domiciled in Canada.

4. Summary of significant accounting policies

The accounting policies and methods of computation used in the preparation of these condensed separate interim financial statements are consistent with those disclosed in CIC's March 31, 2011 separate interim financial statements.

CIC's condensed separate interim financial statements do not consolidate the activities of its subsidiaries. Other than this exception, the accounting policies have been consistently applied by CIC's subsidiary corporations.

CIC prepares condensed consolidated interim financial statements in accordance with IAS 27 - *Consolidated and Separate Financial Statements*. The unaudited condensed consolidated interim financial statements have been authorized by the CIC Board of Directors on August 17, 2011. CIC's condensed consolidated interim financial statements should be referenced for further information.

5. Equity advances to crown corporations

Equity advances to Crown corporations are as follows:
(thousands of dollars)

	June 30 2011	December 31 2010
Saskatchewan Power Corporation	$ 660,000	$ 660,000
Saskatchewan Telecommunications Holding Corporation	250,000	250,000
Saskatchewan Opportunities Corporation (a)	120,687	-
Saskatchewan Government Insurance	80,000	80,000
SaskEnergy Incorporated	71,531	71,531
Saskatchewan Gaming Corporation	19,805	19,805
Saskatchewan Water Corporation	8,700	8,700
	$ 1,210,723	$ 1,090,036

a) On March 31, 2011 CIC received investment properties with a value of $120.7 million from the GRF as an equity investment in CIC. On March 31, 2011, CIC transferred the investment properties to Saskatchewan Opportunities Corporation. The transfer of these assets represents an equity investment by CIC in Saskatchewan Opportunities Corporation.

The value of these properties was determined consistent with the IFRS framework upon transfer from the GRF.

6. Dividend revenue

Dividend revenue consists of the following:
(thousands of dollars)

	June 30 2011	June 30 2010
Saskatchewan Telecommunications Holding Corporation	$ 62,505	$ 74,800
SaskEnergy Incorporated	19,866	26,616
Saskatchewan Government Insurance	16,180	10,850
Saskatchewan Gaming Corporation	10,218	12,618
Information Services Corporation	5,569	8,407
Saskatchewan Opportunities Corporation	-	9,000
	$ 114,338	$ 142,291

7. Grants to subsidiary corporations
(thousands of dollars)

	June 30 2011	June 30 2010
Saskatchewan Telecommunications Holding Corporation	$ -	$ 1,626
Saskatchewan Power Corporation	99,840	42,664
SaskEnergy Incorporated	11,312	10,406
Saskatchewan Transportation Company	4,450	4,400
Saskatchewan Water Corporation	-	49
Gradworks Inc.	300	-
	$ 115,902	$ 59,145

8. Net change in non-cash working capital balances related to operations
(thousands of dollars)

	June 30 2011	June 30 2010
Decrease in interest and accounts receivable	$ 1,575	$ 1,614
Decrease in dividends receivable	10,517	8,128
(Decrease) increase in interest and accounts payable	(11,913)	13,560
	$ 179	$ 23,302

9. Explanation of transition to IFRS

As stated in Note 2(a), CIC's condensed separate financial statements are prepared in accordance with IFRS.

The accounting policies set out in Note 4 have been applied in preparing the condensed separate interim financial statements for the six months ending June 30, 2011, the comparative information presented for the six month period ending June 30, 2010 and comparative information for the year ending December 31, 2010.

In preparing its IFRS statement of financial position CIC has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected CIC's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

IFRS 1 provides the option to measure investments in subsidiaries, at the date of transition to IFRS, at their previous Canadian GAAP carrying amounts and use that amount as deemed cost.

(thousands of dollars)

9. Explanation of transition to IFRS (continued)

Reconciliation of equity

	Note	June 30, 2010 GAAP Balance	IFRS Adjustments	IFRS Balance
ASSETS				
Current				
Cash and cash equivalents		$ 305,949	$ -	$ 305,949
Short-term investments		254,317	-	254,317
Interest and accounts receivable		1,497	-	1,497
Dividends receivable		77,569	-	77,569
Restricted cash and cash equivalents		108,673	-	108,673
		748,005	-	748,005
Restricted cash and cash equivalents		75,614	-	75,614
Equity advances to Crown corporations		1,082,236	-	1,082,236
Investments in share capital corporations	a	46,085	152,725	198,810
Equipment		506	-	506
Intangible assets		256	-	256
		$ 1,952,702	$ 152,725	$ 2,105,427

(thousands of dollars)

9. Explanation of transition to IFRS (continued)

Reconciliation of equity (continued)

		June 30, 2010		
	Note	GAAP balance	IFRS adjustments	IFRS balance
LIABILITIES AND PROVINCE'S EQUITY				
Current				
Interest and accounts payable		$ 19,901	$ -	$ 19,901
Deferred funding		91,863	-	91,863
		111,764	-	111,764
Deferred funding		75,614	-	75,614
		187,378	-	187,378
Province of Saskatchewan's Equity				
Equity advances		931,152	-	931,152
Retained earnings	a	834,172	152,725	986,897
		1,765,324	152,725	1,918,049
		$ 1,952,702	$ 152,725	$ 2,105,427

(thousands of dollars)

9. Explanation of transition to IFRS (continued)

Reconciliation of total comprehensive income

	Note	2010 April 1 to June 30 GAAP balance	2010 April 1 to June 30 IFRS adjustments	2010 April 1 to June 30 IFRS balance	2010 January 1 to June 30 GAAP balance	2010 January 1 to June 30 IFRS adjustments	2010 January 1 to June 30 IFRS balance
REVENUE FROM OPERATIONS							
Dividend		$ 70,819	$ -	$ 70,819	$ 142,291	$ -	$ 142,291
Other income	b	927	(925)	2	1,896	(1,893)	3
		71,746	(925)	70,821	144,187	(1,893)	142,294
EXPENSES							
Operating	c	2,619	(1,710)	909	5,566	(3,442)	2,124
Salaries and benefits	c	-	1,606	1,606	-	3,201	3,201
Future employee benefit expenses	c	-	101	101	-	236	236
Depreciation and amortization		42	-	42	81	-	81
		2,661	(3)	2,658	5,647	(5)	5,642
EARNINGS FROM OPERATIONS		69,085	(922)	68,163	138,540	(1,888)	136,652
Finance income	b	-	924	924	-	1,893	1,893
Finance expenses	b	-	(2)	(2)	-	(5)	(5)
NET FINANCE INCOME		-	922	922	-	1,888	1,888
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		69,085	-	69,085	138,540	-	138,540
Deferred grant funding earned		22,359	-	22,359	42,664	-	42,664
Grants to subsidiary corporations		(28,800)	-	(28,800)	(59,145)	-	(59,145)
NET EARNINGS ATTRIBUTED TO THE PROVINCE OF SASKATCHEWAN		62,644	-	62,644	122,059	-	122,059
OTHER COMPREHENSIVE INCOME		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO THE PROVINCE OF SASKATCHEWAN		$ 62,644	$ -	$ 62,644	$ 122,059	$ -	$ 122,059

9. Explanation of transition to IFRS (continued)

a) CIC's investment in its subsidiary CIC AMI was written down by $152.7 million under previous Canadian GAAP to reflect losses in value of certain assets held by CIC AMI. CIC has determined that the fair value of the remaining assets of CIC AMI at transition to IFRS exceeded CIC's book value by more than $152.7 million. Therefore, CIC has adjusted its investment in CIC AMI by $152.7 to reverse its original write-down.

b) Under previous Canadian GAAP interest revenue was classified as other income. The amount has been reclassified to finance income under IFRS. Interest expense classified as an operating and administration expense under Canadian GAAP has been reclassified to finance expense under IFRS.

c) Under previous Canadian GAAP salaries and wages and future employment expenses were classified as operating and administration expense. These amounts have been reclassified to separate expense categories under IFRS.

Reconciliation of cash flow

For the six months ended June 30, 2010 there were no material reconciling items between previous Canadian GAAP and IFRS cash flows.